

FIRST PACTRUST BANCORP INC
Form DEF 14A
April 25, 2011
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SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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FIRST PACTRUST BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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April 25, 2011

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of First PacTrust Bancorp, Inc., we cordially invite you to attend the Annual Meeting of Shareholders of the Company. The meeting will be held at 9:00 a.m., local time, on May 25, 2011 at the Bonita Golf Club, located at 5540 Sweetwater Road, Bonita, California. The meeting will include management's report to you on the Company's 2010 financial and operating performance.

An important aspect of the Annual Meeting process is the shareholder vote on corporate business items. I urge you to exercise your rights as a shareholder to vote and participate in this process. Shareholders are being asked to consider and vote upon: (1) the election of two directors of the Company; (2) the approval of the Company's 2011 Omnibus Incentive Plan; (3) an advisory (non-binding) vote on executive compensation, commonly referred to as a say on pay vote; and (4) an advisory (non-binding) vote on the frequency of holding future say on pay votes.

Whether or not you plan to attend the Annual Meeting, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy card and return it in the accompanying postpaid return envelope as promptly as possible.** Registered shareholders, that is, shareholders who hold their stock in their own names, can also vote their shares by telephone or via the internet. If your shares are held through a bank, broker or other nominee, check your proxy card to see if you can also vote by telephone or the internet. Voting promptly will save the Company additional expense in soliciting proxies and will ensure that your shares are represented at the meeting.

Your Board of Directors and management are committed to the success of the Company and the enhancement of the value of your investment. As President and Chief Executive Officer, I want to express my appreciation for your confidence and support.

Very truly yours,

Gregory A. Mitchell
President and Chief Executive Officer

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FIRST PACTRUST BANCORP, INC.

610 Bay Boulevard

Chula Vista, California 91910

(619) 691-1519

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 25, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of First PacTrust Bancorp, Inc. (the Company) will be held as follows:

TIME	9:00 a.m. local time
DATE	May 25, 2011
PLACE	5540 Sweetwater Road, Bonita, California
ITEMS OF BUSINESS	<ol style="list-style-type: none">(1) To elect two directors, each for a term of three years.(2) To approve the First PacTrust Bancorp, Inc. 2011 Omnibus Incentive Plan.(3) An advisory (non-binding) vote on executive compensation, commonly referred to as a say on pay vote.(4) An advisory (non-binding) vote on the frequency of holding future say on pay votes.(5) Such other business as may properly come before the meeting and any adjournment or postponement of the meeting.
RECORD DATE	Holders of record of the Company's voting common stock at the close of business on April 18, 2011 will be entitled to vote at the meeting or any adjournment or postponement of the meeting.
ANNUAL REPORT	The Company's 2010 Annual Report to Shareholders is enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the enclosed proxy card. Registered shareholders, that is, shareholders who hold their stock in their own names, can also vote their shares by telephone or via the internet. If your shares are held through a bank, broker or other nominee, check your proxy card to see if you can also vote by telephone or the internet. Regardless of the number of shares you own, your vote is very important. Please act today.

BY ORDER OF THE BOARD OF DIRECTORS

Gregory A. Mitchell
President and Chief Executive Officer

Chula Vista, California

April 25, 2011

Important: The prompt return of proxies will save us the expense of further requests for proxies to ensure a quorum at the annual meeting. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting To Be Held on May 25, 2011.

The Company's Proxy Statement and Annual Report to Shareholders are available on the Internet at <http://www.firstpactrustbancorp.com> (click on the Investor Relations Information link, then click on link marked Annual Meeting Materials).

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FIRST PACTRUST BANCORP, INC.

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 25, 2011

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FIRST PACTRUST BANCORP, INC.

610 Bay Boulevard

Chula Vista, California 91910

(619) 691-1519

PROXY STATEMENT

INTRODUCTION

The Board of Directors of First PacTrust Bancorp, Inc. (First PacTrust, the Company, we, us and our) is using this proxy statement to solicit proxies from the holders of the Company's voting common stock, par value \$0.01 per share (the Voting Common Stock) for use at the upcoming Annual Meeting of Shareholders of the Company and at any adjournments or postponements thereof. The meeting will be held on May 25, 2011 at 9:00 a.m., local time, at the Bonita Golf Club, located at 5540 Sweetwater Road, Bonita, California. At the meeting, shareholders will be asked to vote on four items: (i) the election of two directors of the Company, each to serve for a term of three years; (ii) the approval of the First PacTrust Bancorp, Inc. 2011 Omnibus Incentive Plan; (iii) an advisory (non-binding) vote on executive compensation, commonly referred to as a say on pay vote; and (iv) an advisory (non-binding) vote on the frequency of holding future say on pay votes. These items are described in more detail below. Shareholders also will consider any other matters that may properly come before the meeting or any adjournment or postponement of the meeting, although the Board of Directors knows of no other business to be presented. Some of the information in this proxy statement relates to Pacific Trust Bank, a wholly owned subsidiary of the Company. Pacific Trust Bank is sometimes referred to in this proxy statement as the Bank.

By submitting your proxy, you authorize the Company's Board of Directors to represent you and vote your shares at the meeting in accordance with your instructions. The Board also may vote your shares to adjourn the meeting from time to time and will be authorized to vote your shares at any adjournments or postponements of the meeting.

The Company's Annual Report to Shareholders for the fiscal year ended December 31, 2010, which includes the Company's audited financial statements, is enclosed. Although the Annual Report is being mailed to shareholders with this proxy statement, it does not constitute a part of the proxy solicitation materials and is not incorporated into this proxy statement by reference.

This proxy statement and the accompanying materials are being mailed to shareholders on or about April 25, 2011, and are also available on the Internet at <http://www.firstpactrustbancorp.com> (click on the Investor Relations Information link, then click on link marked Annual Meeting Materials).

Your vote is important. Whether or not you plan to attend the meeting, please submit your proxy promptly either in the enclosed envelope, by telephone or via the internet.

INFORMATION ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, shareholders will be asked to vote on the following items:

1. Election of two directors of the Company, each for a term of three years.
2. Approval of the Company's 2011 Omnibus Incentive Plan.

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3. An advisory (non-binding) vote on executive compensation, commonly referred to as a say on pay vote.

4. An advisory (non-binding) vote on the frequency of holding future say on pay votes.

Shareholders also will act on any other business that may properly come before the meeting or any adjournment or postponement of the meeting. Members of our management team will be present at the meeting to respond to your questions.

Who is entitled to vote?

The record date for the meeting is April 18, 2011. Only holders of record of the Voting Common Stock as of the close of business on that date are entitled to notice of and to vote at the meeting. Each shareholder is entitled to one vote for each share of Voting Common Stock held as of the record date; provided, however, that under Section F of Article 6 of the Company's charter, no shareholder who beneficially owns more than 10.0% of the shares of Voting Common Stock outstanding of that date may vote shares held in excess of that amount. At the close of business on the record date, there were 8,692,910 shares of Voting Common Stock outstanding.

What if my shares are held in street name by a broker?

If your shares are held in street name by a broker, your broker is required to vote your shares in accordance with your instructions. If you do not give instructions to your broker, your broker will nevertheless be entitled to vote your shares with respect to any discretionary items, but will not be permitted to vote your shares with respect to non-discretionary items. In the case of non-discretionary items, your shares will be treated as broker non-votes. Whether an item is discretionary is determined by the exchange rules governing your broker. All of the items being voted on at the meeting are expected to be non-discretionary items.

What if my shares are held in the Company's 401(k) Employee Stock Ownership Plan?

If you are a participant in the Company's 401(k) Employee Stock Ownership Plan, the plan trustee is required to vote all shares allocated to your account under the employee stock ownership plan (ESOP) portion of the plan in accordance with your instructions. If you do not instruct the trustee how to vote your allocated ESOP shares, the trustee will vote your allocated ESOP shares in the manner directed by the plan administrators (who currently are officers appointed by the Company's Board of Directors). The trustee must vote the unallocated ESOP shares in the same proportion as it is instructed to vote the allocated ESOP shares. For example, if on a particular proposal the trustee was instructed to vote 60% of the allocated ESOP shares FOR, 35% of the allocated ESOP shares AGAINST and 5% of the allocated ESOP shares ABSTAIN, the trustee would vote 60% of the unallocated ESOP shares FOR, 35% of the unallocated ESOP shares AGAINST and 5% of the unallocated ESOP shares ABSTAIN.

Participants are entitled to instruct the trustee how to vote any shares held in their accounts under the 401(k) plan portion of the plan. To the extent no instructions are given, the trustee must vote the shares in the manner directed by the plan administrators.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of at least one-third of the shares of Voting Common Stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

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What if a quorum is not present at the meeting?

If a quorum is not present at the scheduled time of the meeting, the shareholders who are represented may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken. An adjournment will have no effect on the business that may be conducted at the meeting.

How do I vote?

1. *You can vote by mail.* If you properly complete and sign the accompanying proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions.
2. *You can vote by telephone.* If you are a registered shareholder, that is, if your shares are held in your own name, you can vote by telephone by following the instructions included on the proxy card. If you vote by telephone, you do not have to mail in your proxy card. If your shares are held through a bank, broker or other nominee, check your proxy card to see if you can vote by telephone.
3. *You can vote via the internet.* If you are a registered shareholder, you can vote via the internet by following the instructions included on the proxy card. If your shares are held through a bank, broker or other nominee, check your proxy card to see if you can also vote via the internet.
4. *You can vote in person at the meeting.* If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. Note, however, that if your shares are held in the name of your broker, bank or other nominee, you will need to obtain a legal proxy from the holder of your shares indicating that you were the beneficial owner of those shares on April 18, 2011, the record date for voting at the meeting, and that you are authorized to vote such shares. You are encouraged to vote by proxy prior to the meeting even if you plan to attend the meeting in person.

Can I change my vote after I submit my proxy?

Yes. If you are a registered shareholder, you can revoke your proxy and change your vote at any time before the polls close at the meeting by:

signing another proxy with a later date;

giving written notice of the revocation of your proxy to the Company's Secretary prior to the annual meeting; or

voting in person at the annual meeting. Your proxy will not be automatically revoked by your mere attendance at the meeting; you must actually vote at the meeting to revoke a prior proxy.

If you hold your shares through a bank, broker or other nominee, you will need to follow the instructions of your bank, broker or other nominee in order to change your vote.

How does the Board of Directors recommend I vote on the items to be considered at the annual meeting?

The Board of Directors recommends that you vote:

FOR the election of the two director nominees to the Board of Directors.

FOR approval of the Company's 2011 Omnibus Incentive Plan.

FOR approval of the advisory (say on pay) vote on executive compensation.

For ONE YEAR (meaning every year) on the frequency of future say on pay votes.

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What if I do not specify how my shares are to be voted?

Registered Shareholders. If you are a registered shareholder and you submit an executed proxy but do not indicate any voting instructions, your shares will be voted:

FOR the election of the two director nominees to the Board of Directors.

FOR approval of the Company's 2011 Omnibus Incentive Plan.

FOR approval of the advisory vote on executive compensation.

For ONE YEAR on the frequency of future say on pay votes.

Holders of Shares in Street Name. If you hold your shares in street name through a broker and do not provide your broker with voting instructions, it is expected that your broker will be unable to vote your shares. See "What if my shares are held in street name by a broker?"

Will any other business be conducted at the meeting?

The Board of Directors knows of no other business that will be presented at the meeting. If any other matter properly comes before the shareholders for a vote at the meeting, the Board of Directors, as holder of your proxy, will vote your shares in accordance with its best judgment.

How many votes are required to elect the director nominees?

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the nominees as directors. This means that the two director nominees will be elected if they receive more affirmative votes than any other persons nominated for election. No persons have been nominated for election other than the two nominees named in this proxy statement. If you vote "Withhold" with respect to the election of either or both nominees, your shares will not be voted with respect to the person or persons indicated, although your shares will be counted for purposes of determining whether there is a quorum.

How many votes are required to approve each of the other items?

The affirmative vote of a majority of the votes cast on the matter is required to approve the Company's 2011 Omnibus Incentive Plan and the advisory (say on pay) vote on executive compensation. Shareholders may vote "FOR," "AGAINST" or "ABSTAIN" on each of these matters. The

outcome of the say on pay vote is not binding on the Board of Directors.

For the advisory vote on the frequency of future say on pay votes, shareholders may vote for a frequency of ONE YEAR, TWO YEARS, THREE YEARS or ABSTAIN on this matter. The choice receiving the greatest number of votes one year, two years or three years will be the frequency that shareholders will be deemed to have approved. The outcome of the say on pay frequency vote is not binding on the Board of Directors.

What happens if a nominee is unable to stand for election?

If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the Board of Directors, as holder of your proxy, will vote your shares for the substitute nominee unless you have withheld authority to vote for the nominee replaced.

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How will abstentions be treated?

If you abstain from voting, your shares will still be included for purposes of determining whether a quorum is present. Because directors will be elected by a plurality of the votes cast, abstaining is not offered as a voting option for the election of directors. An abstention on any of the other items will not be counted as a vote cast and will have no effect on the item.

How will broker non-votes be treated?

Shares treated as broker non-votes on one or more items will be included for purposes of calculating the presence of a quorum but will not be counted as votes cast. Consequently, broker non-votes will have no effect on any of the items to be voted on at the meeting.

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STOCK OWNERSHIP

Stock Ownership of Significant Shareholders, Directors and Executive Officers

The following table shows, as of April 18, 2011, the beneficial ownership of the Voting Common Stock by:

those persons or entities known by management to beneficially own more than five percent of the outstanding shares of Voting Common Stock;

each director and director nominee of the Company;

each executive officer of the Company and the Bank named in the Summary Compensation Table appearing below; and

all of the executive officers and directors of the Company and the Bank as a group.

The address of each of the beneficial owners, except where otherwise indicated, is the same address as the Company's. As of April 18, 2011, there were 8,692,910 shares of Voting Common Stock issued and outstanding.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the SEC). In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Voting Common Stock subject to outstanding options to purchase shares of Voting Common Stock held by that person that are currently exercisable or exercisable within 60 days are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. As of April 18, 2011, none of the Company's directors and executive officers had options to purchase shares of Voting Common Stock that were exercisable as of or within 60 days after that date.

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<u>Name of Beneficial Owner</u>	<u>Beneficial Ownership</u>	<u>Percent of Voting Common Stock Outstanding</u>
Significant Shareholders		
America Start-Up Institutions Investments I, L.P., et al. 200 Ransom Way Monterey Park, California 91755(1)	620,507	7.1%
St. Cloud Capital Partners II, LP, et al. 10866 Wilshire Boulevard, #1450 Los Angeles, California 90024(2)	575,052	6.6%
Steven Sugarman, et al. 233 Wilshire Boulevard, Suite 830 Santa Monica, California 90401(3)	451,633	5.2%
First PacTrust Bancorp, Inc. 401(k) Employee Stock Ownership Plan 610 Bay Boulevard Chula Vista, CA 91910(4)	482,124	5.5%
Directors and Named Executive Officers(5)		
Alvin L. Majors, Chairman of the Board	77,365	0.9%
Gregory A. Mitchell, President and Chief Executive Officer and Director	59,412	0.7%
Francis P. Burke, Director	52,246	0.6%
Timothy R. Chrisman, Director	9,091	0.1%
Hans R. Ganz, President and Chief Executive Officer of the Bank and Director	127,349	1.5%
Kenneth W. Scholz, Director	68,547	0.8%
Jeffrey T. Seabold, Director	31,600	0.4%
Steven Sugarman, Director(3)	451,633	5.2%
Donald A. Whitacre, Director	43,600	0.5%
James P. Sheehy, Executive Vice President, Secretary and Treasurer	49,964	0.6%
Melanie M. Yaptangco, Executive Vice President, Lending	75,439	0.9%
Directors and executive officers of First PacTrust Bancorp, Inc. as a group (16 persons)(5)	1,095,383	12.6%

- (1) As reported by America Start-Up Financial Institutions Investments I, L.P. (America Start-Up) and CKH Capital, Inc. (CKH), the general partner of America Start-Up, in a Schedule 13G filed with the SEC on December 9, 2010. America Start-Up and CKH each reported shared voting and dispositive powers over all 620,507 shares.
- (2) As reported by St. Cloud Capital Partners II, LP (St. Cloud), SCGP II, LLC (SCGP), Marshall S. Geller and Benjamin Hom in a Schedule 13G filed with the SEC on November 12, 2010. SCGP is the general partner of St. Cloud and Messrs. Geller and Hom are the managing members of SCGP. Each of St. Cloud, SCGP, Mr. Geller and Mr. Hom reported shared voting and dispositive powers over all 575,052 shares.
- (3) As reported by Steven Sugarman, Sugarman Enterprises, Inc. (Sugarman Enterprises) and COR Capital LLC (COR Capital) in a Schedule 13D filed with the SEC on November 12, 2010. Mr. Sugarman is the managing member of COR Capital and, together with his spouse, the owner of 100% of the outstanding stock of Sugarman Enterprises. COR Capital reported sole voting and dispositive powers over 33,806 shares, Sugarman Enterprises reported sole voting and dispositive powers over 417,827 shares and Mr. Sugarman reported shared voting and dispositive powers over all 451,633 shares.
- (4) The amount reported represents shares held by the First PacTrust Bancorp, Inc. 401(k) Employee stock Ownership Plan, of which 439,804 shares were held in participant accounts as of December 31, 2010.

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- (5) Includes shares held directly, as well as shares held jointly with certain family members, shares held in retirement accounts, held in a fiduciary capacity, held by certain of the individual s or group members families, held by corporations or other entities controlled by the individual or group member, or held by trusts of which the individual or group member is a trustee or substantial beneficiary, with respect to which shares the individual or group member may be deemed to have sole or shared voting and/or investment powers.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10% of the Voting Common Stock, to report to the SEC their initial ownership of the Company's equity securities and any subsequent changes in that ownership. Specific due dates for these reports have been established by the SEC and the Company is required to disclose in this proxy statement any late filings or failures to file.

To the Company's knowledge, based solely on its review of the copies of these reports furnished to the Company and written representations that no other reports were required during the fiscal year ended December 31, 2010, all Section 16(a) filing requirements applicable to the Company's executive officers and directors during fiscal 2010 were met.

PROPOSAL I ELECTION OF DIRECTORS

General

The Company's Board of Directors is divided into three classes. Directors in each class are elected to serve for three-year terms that expire in successive years. The term of one of the classes of the Company's directors will expire at the annual meeting.

The Company currently has nine directors. The number of directors of the Company will be reduced to seven as of the time of the annual meeting, however. Directors Francis P. Burke and Kenneth W. Scholz, whose terms will expire at the annual meeting, will be retiring from the Company's Board and, accordingly, have not been re-nominated for another term. Messrs. Burke and Scholz will continue to serve as directors of the Bank.

Nominees

The Company has nominated Timothy R. Chrisman and Jeffrey T. Seabold for election as directors for three-year terms expiring at the annual meeting of shareholders to be held in 2014. Messrs. Chrisman and Seabold currently serve as directors of the Company. They have each consented to being named in this proxy statement and have agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the Board of Directors, as holder of your proxy, will vote your shares for the substitute nominee, unless you have withheld authority to vote for the nominee replaced.

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the two nominees as directors. The Board of Directors recommends that you vote **FOR** the election of both nominees.

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The following tables set forth, with respect to each nominee and each continuing director, his name and age, the year in which he first became a director of the Company or the Bank, and his business experience for at least the past five years.

Table of Contents**NOMINEES FOR ELECTION AS DIRECTORS FOR THREE-YEAR****TERMS EXPIRING AT THE 2014 ANNUAL MEETING**

Director, Year First Became Director of Company(1)	Age(2)	Principal Occupation and Business Experience
Timothy R. Chrisman, 2011	64	Mr. Chrisman is founder and CEO of Chrisman & Company, Inc., a nationally-recognized executive search and compensation firm specializing in financial services. He also serves as Chairman of the Board of the Federal Home Loan Bank of San Francisco, and most recently served as Chairman of the Council of Federal Home Loan Banks. Mr. Chrisman is also a Senior Advisor to FIG Partners, an investment banking firm that is principally focused on financial service sector companies. Mr. Chrisman previously served as a director of Commercial Capital Bancorp, the institution that acquired \$2.7 billion Hawthorne Savings, where he served as Chairman of the Board from 1995 to 2004. Mr. Chrisman's extensive experience in the financial services industry, both as a director and as an entrepreneur, makes him a valuable member of the Company's Board of Directors. Mr. Chrisman also brings to the Board a great deal of knowledge in the compensation and corporate governance areas.
Jeffrey T. Seabold, 2011	44	Mr. Seabold is the founder and CEO of CS Financial Inc., a residential and commercial mortgage company based in Beverly Hills, California. Mr. Seabold also serves as President of Camden Escrow Inc., a real estate settlement company. He is the Co-Founder of Camden Capital Partners LLC, an asset based lender and loan servicer. Mr. Seabold brings to the Board a solid background and a wealth of experience in the real estate lending area.

DIRECTORS CONTINUING IN OFFICE**TERMS EXPIRING AT THE 2012 ANNUAL MEETING**

Hans R. Ganz, 2000	56	Mr. Ganz has been President and Chief Executive Officer of Pacific Trust Bank and its predecessor since 1995 and a Director since 2000, and served as President and Chief Executive Officer of the Company from the time of its formation in 2002 until November 1, 2010. He has been employed with Pacific Trust Bank and its predecessor in various other capacities since 1992. Mr. Ganz has a strong background in lending and finance, and was president of a mortgage company prior to joining Pacific Trust Bank, which makes him particularly well-suited to serve as a director of the Company.
Steven Sugarman, 2010	35	Mr. Sugarman is the founder and Chief Executive Officer of COR Capital LLC, a Southern California-based investment firm and a lead investor in the Private Placement completed by the Company on November 1, 2010. See Business Relationships and Transactions with Executive Officers and Directors and Related Persons Private Placement. The Company agreed with COR Capital LLC to appoint Mr. Sugarman as a director following the Private Placement closing. Prior to founding COR Capital LLC, Mr. Sugarman founded a \$2 billion investment advisory firm focused on public equities and worked as a management consultant at McKinsey & Company and an investment advisor at Lehman Brothers. Mr. Sugarman brings to the Board a strong background and extensive experience in finance and investment matters.

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		TERMS EXPIRING AT THE 2013 ANNUAL MEETING
Alvin L. Majors, 1985	70	Mr. Majors is currently retired. Prior to his retirement, he was employed by Rohr, Inc. for 26 years, with his last position being Vice President and Controller. Prior to joining Rohr, Inc., Mr. Majors worked for Deloitte for five years. This experience gave him the ability to read financial statements and understand the inner workings of public companies.
Gregory A. Mitchell, 2010	53	Mr. Mitchell became a Director and the President and Chief Executive Officer of the Company on November 1, 2010 following completion of the Private Placement. The Company agreed with the Private Placement investors to appoint Mr. Mitchell to these positions following the closing of the Private Placement. Mr. Mitchell served as a consultant to the Company from May 2010 until the Private Placement closing. Prior to becoming a consultant to the Company, Mr. Mitchell served in various roles with California National Bank, including Chief Executive Officer and President, from 2001 until October 2009. Prior to joining California National Bank, Mr. Mitchell was a Managing Director with Hovde Financial, where he was responsible for the formation and management of its West Coast investment banking, financial advisory and fund management practice. Mr. Mitchell also served for ten years with the Office of Thrift Supervision, where he was responsible for, among other things, helping to recapitalize and restructure troubled thrift institutions. The breadth and depth of Mr. Mitchell's experience in the financial services industry, as a bank executive, investment banker and regulator, make him an especially valued member of the Board.
Donald A. Whitacre, 2001	58	Mr. Whitacre is Chief Executive Officer of D.A. Whitacre Construction, Inc., a General Contracting Company specializing in commercial framing construction located in El Cajon, California. The Company also operates in Nevada and Colorado. He has operated this company since 1978. His leadership skills in supervising all aspects of his company have provided him with the qualifications to understand the operations of the Company. In particular, his expertise and broad experience in the commercial and residential real estate markets, as well as the construction and development industries, provide the Company and the Bank with needed expertise for their boards of directors and the committees on which he serves.

(1) Includes service as a director of Pacific Trust Bank and its predecessor.
(2) As of April 18, 2011.

Table of Contents**DIRECTOR COMPENSATION****Overview of Director Compensation and Procedures**

Directors who are also employees of the Company or the Bank do not receive any compensation for their Board service. We review the level of compensation of our non-employee directors at least annually. To assess the appropriateness of the current level of compensation for our non-employee directors, we have historically obtained data from a number of different sources including:

publicly available data describing director compensation in peer companies;

survey data collected by our executive officers; and

information obtained directly from other companies. We compensate non-employee directors through a mixture of cash and equity-based compensation. Members of Pacific Trust Bank's board of directors who are not employees of the Company or Bank currently receive an annual retainer of \$5,000, and a fee of \$2,000 for each Bank board meeting attended. The Chairman of the Board receives an additional \$1,000 per Bank board meeting attended. Directors attending our annual off-site planning session receive \$2,000 in addition to any board or committee fees paid. Attendance by telephone is compensated at two-thirds the rate for directors attending in person. Currently, directors are not paid a fee for service on the Company's board. Fees are also currently paid to directors for attendance of committee meetings as follows:

Committee Compensation

	<u>Per Meeting Fee</u>	<u>Annual Fee</u>	<u>Chairman's Fee</u>
Executive Committee	\$ 1,000		50% - \$ 500/meeting
Audit Committee	\$ 600		50% - \$ 300/meeting
Compensation Committee	\$ 600		50% - \$ 300/meeting
Nominating Committee	\$ 500		N/A
Loan Committee	\$	\$ 2,000	50% - \$ 1,000/year
Technology Committee	\$	\$ 1,200	50% - \$ 600/year
Facilities Committee	\$	\$ 2,000	50% - \$ 1,000/year
Strategic Planning Committee	\$ 600		50% - \$ 300/meeting

Until the recent additions of Messrs. Chrisman and Seabold to the Company's Board of Directors in February 2011, the membership of both the Company's Board and the Board of Directors of the Bank had been identical. Due to the increasing time demands and complexity of responsibilities for the Company's directors, a decision has been made for bifurcation of the membership for the two boards of directors. Ultimately, this may result in changes to the amount and structure of compensation payable to the Company's and the Bank's directors.

Directors are eligible to be granted awards under the Company's 2003 Stock Option and Incentive Plan and the 2003 Recognition and Retention Plan. A total of 37,707 shares remained available as of April 18, 2011 for future awards under the 2003 Stock Option and Incentive Plan, and no shares remained available for future awards under the 2003 Recognition and Retention Plan. All directors, other than those who joined our

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Board in 2010 and 2011, previously received the maximum awards permitted to them under the terms of our 2003 Stock Option and Incentive Plan and 2003 Recognition and Retention Plan. If approved by shareholders at the annual meeting, all directors will be eligible to be granted awards under our 2011 Omnibus Incentive Plan. See Proposal II Approval of the First PacTrust Bancorp, Inc. 2011 Omnibus Incentive Plan.

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The following table provides information regarding compensation paid to persons who served as directors of the Company during fiscal 2010.

DIRECTOR COMPENSATION

Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(4)	Option Awards (\$)(5)	Non- Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(6)	Total (\$)
Alvin L. Majors	61,200					79,350	140,550
Francis P. Burke	46,900					79,350	126,250
Donald M. Purdy(2)	11,267					79,350	90,617
Kenneth Scholz	43,300					79,350	122,650
Steven Sugarman(3)	12,800						12,800
Donald A. Whitacre	38,900					79,350	118,250

- (1) Directors Mitchell and Ganz were omitted from this table since they received no compensation for board service.
- (2) Mr. Purdy passed away in April 2010.
- (3) Mr. Sugarman joined the Board on November 1, 2010 after the closing of the Private Placement.
- (4) No stock awards were made to the non-employee directors during 2010.
- (5) No option awards were made to the non-employee directors during 2010. As of December 31, 2010, none of the directors listed in the table held any options to purchase Voting Common Stock.
- (6) Includes, in the case of each director listed other than Mr. Sugarman, a cash payment as consideration for the cancellation of all outstanding stock options held by the director (in the case of Mr. Purdy, held by his estate) prior to the closing of the Private Placement at a cancellation price of \$3.00 per share, as required under the terms of the subscription agreements with investors in the Private Placement. See Business Relationships and Transactions with Executive Officers and Directors and Related Persons Private Placement. The amount for Mr. Purdy was paid to his estate.

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BUSINESS RELATIONSHIPS AND TRANSACTIONS WITH EXECUTIVE OFFICERS AND DIRECTORS AND RELATED PERSONS

General

The Company and the Bank may engage in a transaction or series of transactions with our directors, executive officers and certain persons related to them. Except for loans by the Bank, which are governed by a separate policy, those transactions that constitute related party transactions under Item 404 of SEC Regulation S-K are subject to the review and approval of the Audit Committee and ratification by the Board of Directors. All other transactions with executive officers, directors and related persons other than those in the ordinary course of our banking business are approved by the Board of Directors.

Loans

The Bank has a written policy of granting loans to officers and directors, which fully complies with all applicable federal regulations. Loans to directors and executive officers are made in the ordinary course of business and on substantially the same terms and conditions, including interest rates and collateral, as those of comparable transactions with non-insiders prevailing at the time, in accordance with the Bank's underwriting guidelines, and do not involve more than the normal risk of collectibility or present other unfavorable features. These loans to directors and executive officers are not made at preferential rates; however, certain Bank closing fees are waived. No director, executive officer or any of their affiliates had aggregate indebtedness to the Bank at below market interest rate loans exceeding \$120,000 in the aggregate during the fiscal year ended December 31, 2010. As of December 31, 2010, there were no loans outstanding to any director or executive officer of the Company.

Private Placement

On November 1, 2010, the Company completed the sale of the Company's securities described below in a private placement (the Private Placement) exempt from registration under the Securities Act of 1933, as amended. Pursuant to subscription agreements with the Private Placement investors, the Company sold an aggregate of 4,418,390 shares of Voting Common Stock and an aggregate of 1,036,156 shares of newly designated non-voting common stock, par value \$.01 per share, of the Company (the Non-Voting Common Stock and together with the Voting Common Stock, the Common Stock), at a price per share of \$11.00, receiving aggregate gross proceeds of \$60.0 million.

As part of its subscription, at the closing of the Private Placement, TCW Shared Opportunity Fund V, L.P., a Delaware limited partnership, was issued an immediately exercisable five-year warrant to purchase 240,000 shares of Non-Voting Common Stock at an exercise price of \$11.00 per share. In addition, in consideration for its consulting services to the Company preceding the closing date of the Private Placement, COR Advisors LLC, a Delaware limited liability company and an affiliate of COR Capital LLC, a Delaware limited liability company and subscriber in the Private Placement, was issued a warrant to purchase an aggregate of 1,395,000 shares of Non-Voting Common Stock at an exercise price of \$11.00 per share. Steven Sugarman, a director of the Company, is the managing member of COR Advisors LLC and COR Capital LLC. COR Advisors LLC's warrant (together with the warrant issued to TCW Shared Opportunity Fund V, L.P., the Warrants) became exercisable with respect to 95,000 shares on January 1, 2011 and an additional 130,000 shares on the first day of each of the next ten calendar quarterly periods beginning April 1, 2011, with each vesting tranche exercisable for five years following the vesting date. In lieu of Non-Voting Common Stock, shares of Voting Common Stock will be issued upon exercise of the Warrants following the transfer of the Warrants to a third party in a widely dispersed offering or in other limited circumstances set forth in the Warrants. In addition, the Warrants held by TCW Shared Opportunity Fund V, L.P. will be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock at TCW Shared Opportunity Fund V, L.P.'s election

if it then owns less than 4.99% of the outstanding shares of Voting Common Stock as a result of dilution occurring from additional issuances of Voting Common

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Stock subsequent to the Private Placement. Notwithstanding the above, the Warrants will only be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock to the extent that the holder of the Warrant, together with its affiliates and any other person that may be deemed to be acting in concert with it under the regulations of the Office of Thrift Supervision, would not beneficially own more than 4.99% of the outstanding shares of the Voting Common Stock.

As a result of their purchases of Voting Common Stock in the Private Placement, each of America Start-Up Institutions Investments I, L.P., St. Cloud Capital Partners II, LP and Mr. Sugarman became beneficial owners of more than five percent of the outstanding shares of the Voting Common Stock. See [Stock Ownership](#) [Stock Ownership of Significant Shareholders, Directors and Executive Officers](#).

In addition to providing Warrants to COR Advisors LLC in consideration for consulting services, the Company agreed to reimburse COR Capital LLC in the amount of \$350,000 for all fees and out-of-pocket expenses it incurred in connection with the Private Placement, including without limitation outside counsel and due diligence fees and expenses, whether incurred by COR Capital LLC or its affiliates, consultants or agents.

COR Advisors LLC was originally entitled to receive a Warrant to purchase 1,560,000 shares of Non-Voting Common Stock at an exercise price of \$11.00 per share but waived this right with respect to 165,000 of the warrant shares. On November 1, 2010, in recognition of the substantial assistance he provided to the Company in connection with its raising of additional capital through the Private Placement, the Company granted to Gregory A. Mitchell, the Company's President and Chief Executive Officer, a ten-year option (the [Founder's Option](#)) to purchase 165,000 shares of Voting Common Stock at an exercise price of \$11.35 per share. The [Founder's Option](#) is scheduled to vest in one-third annual increments beginning November 1, 2011, subject to earlier vesting in the event that the Company involuntarily terminates Mr. Mitchell's employment without cause or he resigns from employment with the Company for good reason, as such terms are defined in the employment agreement between Mr. Mitchell and the Company. See [Compensation of Executive Officers](#) [Employment Agreements](#). From May 2010 until the closing of the Private Placement, Mr. Mitchell served as a consultant to the Company, for which he received cash compensation totaling \$150,000.

As required by the subscription agreements between the Company and investors in the Private Placement, following the completion of the Private Placement, each stock option outstanding prior to the Private Placement was cancelled in consideration for a cash payment of \$3.00 per option share. The amounts paid to the Company's non-employee directors for the cancellation of their stock options held prior to the completion of the Private Placement are provided in the [Director Compensation](#) table above. The amounts paid to the Company's named executive officers for the cancellation of their stock options held prior to the completion of the Private Placement are provided in the [Summary Compensation](#) table below.

As also required by the subscription agreements between the Company and investors in the Private Placement, following the Company's repayment of its TARP obligation, the Bank modified the change in control severance agreements to which it is a party with certain executive officers to provide for a retention payment to these officers. See [Compensation of Executive Officers](#) [Change in Control Severance Agreements](#).

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**BOARD OF DIRECTORS MEETINGS AND COMMITTEE AND
CORPORATE GOVERNANCE MATTERS**

Board Meetings, Independence and Ethics Code

Meetings of the Company's Board of Directors are generally held on a monthly basis. The Company's Board of Directors held thirteen meetings during the fiscal year ended December 31, 2010. During 2010, no director attended fewer than 75 percent of the aggregate of the total number of meetings of the Board of Directors and committees of which he was a member held during the period in which he served. The Company's general policy is for all directors to attend its annual meeting of shareholders, and every director at that time attended last year's annual meeting.

The Board has determined that Directors Majors, Burke, Chrisman, Scholz, Seabold and Whitacre, constituting a majority of the Board members, are independent directors, as that term is defined in Rule 5605 of the Listing Rules of the NASDAQ Stock Market. Shareholders may communicate directly with the Board of Directors by sending written communications to Alvin L. Majors, Chairman of the Board of the Company, 610 Bay Boulevard, Chula Vista, California, 91910.

The Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees. You may obtain a copy of the Code free of charge by writing to the Corporate Secretary of the Company, 610 Bay Boulevard, Chula Vista, California, 91910 or by calling (619) 691-1519. In addition, the Code of Business Conduct and Ethics has been filed with the SEC as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 and is available on our website at <http://www.firstpactrustbancorp.com> (click on the Investor Relations information link, then click on link marked "Governance Documents").

Board Leadership Structure and Risk Oversight

As indicated above, the positions of Board Chairman and President and Chief Executive Officer are held by two persons. This has been the case since the Company's formation in 2002. The Board believes this structure is appropriate for the Company because of the need for the Chairman to have independence in leading the Board of Directors to oversee and direct management, and the President and CEO's direct involvement in leading management of the Company.

The Board of Directors establishes and revises policies to identify and manage various risks inherent in the business of the Company, and both directly and through its committees, periodically receives and reviews reports from management to ensure compliance with and evaluate the effectiveness of risk controls. Employees who oversee day-to-day risk management duties, including the Compliance Officer and Internal Asset Review Officer, report directly to the Audit Committee.

Board Committee Attendance and Charters

The Board of Directors of the Company has standing Executive, Audit, Nominating, Compensation and Strategic Planning Committees.

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The Board of Directors has adopted written charters for the Audit Committee, the Compensation Committee and the Nominating Committee. The charters for the Audit Committee, Compensation Committee and the Nominating Committee are available on our website at <http://www.firstpactrustbancorp.com> (click on the Investor Relations information link, then click on link marked Governance Documents). You also can obtain a copy of these committee charters free of charge by writing to the Corporate Secretary of the Company, 610 Bay Boulevard, Chula Vista, California, 91910 or by calling (619) 691-1519.

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Executive Committee

The Executive Committee is currently comprised of Directors Majors, Burke, Ganz, Mitchell and Sugarman. The Executive Committee meets on an as needed basis and is generally empowered to act on behalf of the entire board. This committee met three times during 2010.

Audit Committee

The Audit Committee is currently comprised of Directors Majors, Scholz and Whitacre, all of whom are independent, as independence is defined for audit committee members in the NASDAQ Listing Rules. The Board of Directors has determined that Directors Majors and Scholz are audit committee financial experts, as defined in Item 407(d)(5) of SEC Regulation S-K and that all of the Audit Committee members meet the independence and financial literacy requirements under the NASDAQ Listing Rules. In 2010, this Committee met five times. This committee is responsible for hiring, terminating and/or reappointing the Company's independent registered public accounting firm and for reviewing the annual audit report prepared by our independent registered public accounting firm. The functions of the Audit Committee also include:

- (i) approving non-audit and audit services to be performed by the independent registered public accounting firm;
- (ii) reviewing and approving all related party transactions for potential conflict of interest situations;
- (iii) reviewing and assessing the adequacy of the Audit Committee charter on an annual basis;
- (iv) reviewing significant financial information for the purpose of giving added assurance that the information is accurate and timely and that it includes all appropriate financial statement disclosures;
- (v) ensuring the existence of effective accounting and internal control systems; and
- (vi) overseeing the entire audit function of the Company, both internal and independent.

Nominating Committee

The Nominating Committee is currently composed of Directors Majors and Whitacre, each of whom is an independent director under the NASDAQ Listing Rules. This committee is primarily responsible for selecting nominees for election to the board. The Nominating Committee generally meets once per year to make nominations and holds additional meetings from time to time as needed.

The responsibilities of the Nominating Committee include:

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- (i) recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;

- (ii) recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in the Company's charter and bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Company's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole. Although the Company does not have a formal policy with regard to the consideration of diversity in identifying director nominees, the Board seeks candidates who further its objective of having a Board that encompasses a broad range of talents and expertise and reflects a diversity of background, experience and viewpoints;

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- (iii) review nominations submitted by shareholders, which have been addressed to the Corporate Secretary, and which comply with the requirements of the Company's charter and bylaws. Nominations from shareholders will be considered and evaluated using the same criteria as all other nominations;
- (iv) annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary; and
- (v) perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Director nominations by shareholders must be made pursuant to timely notice in writing to the Corporate Secretary as set forth in Section 1.09 of the Company's bylaws. In general, to be timely, a shareholder's notice must be received by the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; however, if the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, the shareholder's notice must be delivered not earlier than 120 days prior to the date of the meeting and not later than the tenth day following the day on which notice of the date of the meeting was mailed or public announcement of the date of the meeting was first made. The shareholder's notice must include the information set forth in Section 1.09 of the Company's bylaws, which includes the following:

- (i) as to each person whom a shareholder proposes to nominate for election as a director:

all information relating to the proposed nominee that is required to be disclosed in the solicitation of proxies for election as directors or is otherwise required pursuant to Regulation 14A under the Securities Exchange Act of 1934.

- (ii) as to the shareholder giving the notice:

name and address of the shareholder as they appear on the Company's books;

number of shares of the Company's Common Stock beneficially owned by the shareholder.

The foregoing description is a summary of the Company's nominating process. Any shareholder wishing to propose a director candidate to the Company should review and must comply in full with the procedures set forth in the Company's charter and bylaws, and Maryland law.

During 2010 the Nominating Committee met two times with respect to selection of director nominees.

Compensation Committee

The Compensation Committee is currently comprised of Directors Burke, Majors and Scholz, all of whom are independent directors under the NASDAQ Listing Rules. This committee administers the Company's equity incentive plans and arrangements and reviews overall compensation policies for the Company. The responsibilities of the Compensation Committee also include:

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- (i) reviewing from time to time our compensation plans and, if the Compensation Committee believes it to be appropriate, amend or recommend that the Board amend these plans or adopt new plans;
- (ii) overseeing the evaluation of our management, and establish the compensation for our executive officers and approve the compensation for other key members of management;
- (iii) recommending to the Board the appropriate level of compensation and the appropriate mix of cash and equity compensation for directors; and
- (iv) administering any executive or employee compensation plans which the Board has determined should be administered by the Committee.

During 2010, the Compensation Committee met four times.

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Strategic Planning Committee

The Strategic Planning Committee, currently comprised of Directors Ganz, Majors, Mitchell and Sugarman, was formed by the Board of Directors following the Private Placement. This committee reviews and oversees the Company's strategic planning processes. During 2010, this committee met one time.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is an officer, employee or former officer of the Company or the Bank. None of our executive officers serve as a member of the compensation committee of any other company that has an executive officer serving as a member of our Board of Directors or serve as a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation Committee.

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COMPENSATION OF EXECUTIVE OFFICERS

Philosophy and Objectives of Compensation Program

Our compensation programs are designed to attract and retain key employees, motivating them to achieve and rewarding them for superior performance. Different programs are geared to short and longer-term performance with the goal of increasing shareholder value over the long term. Executive compensation programs impact all employees by setting general levels of compensation and helping to create an environment of goals, rewards and expectations. Because we believe that the performance of every employee is important to our success, we are mindful of the effect of executive compensation and incentive programs on all of our employees.

We believe that the compensation of our executives should reflect their success as a management team, rather than individuals, in attaining key operating objectives, such as growth in deposits and customer relationships, growth of operating earnings and earnings per share, and ultimately, in attaining an increased market price for our stock. We believe that the performance of the executives in managing our company should be the basis for determining their overall compensation, taking into consideration pertinent economic conditions, interest rate trends, and the competitive market environment. We also believe that their compensation should not be based on the short-term performance of our stock, whether favorable or unfavorable, but rather that the price of our stock will, in the long-term, reflect our operating performance, and ultimately, the management of the company by our executives. We seek to have the long-term performance of our stock reflected in executive compensation through our stock option and other equity incentive programs.

Overview

Key elements of compensation for our executives include: salary, employee bonus incentive plan, 401(k) and employee stock ownership plan, equity incentive awards and health, disability and life insurance benefits. To the extent not determined by contract (see Employment Agreements below), base salaries generally are set for our executive officers annually at a meeting of the Compensation Committee. The Compensation Committee also approves and adopts the employee bonus incentive plan for the new fiscal year, in which executive officers participate along with all other employees of the Company, and may grant equity incentive awards to our executive officers and certain other eligible employees.

In the past, it has been the practice of our Compensation Committee to periodically review the component elements of each executive officer's total compensation, and to compare the compensation of the executive officers with that of executive officers with similar responsibilities in an appropriate market comparison group. Typically, the chief executive officer makes compensation recommendations to the Compensation Committee with respect to the executive officers who report to him. Such executive officers are not present at the time of these deliberations. The Committee chairman then makes compensation recommendations to the Compensation Committee with respect to the chief executive officer, who is absent from that meeting. The Compensation Committee may accept or adjust such recommendations. In 2008, the Compensation Committee retained Amalfi Consulting to conduct a competitive compensation study on executive and director compensation. Amalfi provided the Compensation Committee with a peer group analysis and industry best practices report with recommendations regarding compensation. In determining executive officer annual base compensation and compensation under the 2010 Incentive Bonus Plan, as well as changes to director compensation, the Compensation Committee considered the analysis of Amalfi, as well as recommendations of the Chief Executive Officer regarding compensation for the senior executive officers.

The Compensation Committee also takes into account the following factors:

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performance against corporate and individual objectives for the previous year, and relative to pertinent economic, interest rate and competitive environment factors;

difficulty of achieving desired results in the coming year;

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value of their unique skills and capabilities to support long-term performance of the Company;

performance of their general management responsibilities; and

contribution as a member of the executive management team.

These elements fit into our overall compensation objectives by helping to secure the future potential of our operations, facilitating our entry into new markets, providing proper compliance and regulatory guidance, and helping to create a cohesive team.

Our policy for allocating between long-term and short-term compensation is to ensure adequate base compensation to attract and retain personnel, while providing incentives with an appropriate level of risk to maximize long-term value for our company and our shareholders. Likewise, we provide cash compensation in the form of base salary to meet competitive norms and reward good performance on an annual basis in the form of merit salary adjustments and bonus compensation to reward superior performance against specific short-term goals. We provide non-cash compensation to reward superior performance against specific objectives and long-term strategic goals. We believe that our overall compensation package, including benefits and equity-related awards, is competitive within the marketplace and appropriate to fulfill our stated policies.

The following are key items of corporate performance taken into account in setting compensation policies:

corporate earnings per our financial plan;

customer satisfaction; and

achievement of our strategic objectives.

Prior to our repayment to the U.S. Treasury in December 2010 of the funds we received pursuant to the TARP Capital Purchase Program, we were subject to a number of requirements and restrictions on compensation and corporate governance matters applicable to TARP recipients. These included: certain reviews of our compensation programs by the Compensation Committee; general prohibitions on bonuses to our most highly compensated employee and on any payments to our senior executive officers and five most highly compensated employees who are not executive officers in connection with a change in control or for departure from the Company; subjecting bonus, incentive and retention payments to our senior executive officers and 20 most highly compensated employees who are not senior executive officers to recovery (clawback) if based on statements of earnings, revenues, gains or other criteria that are later found to be materially inaccurate; and a requirement that the Company have and enforce a policy on luxury expenses. In addition, all compensation, including performance-based compensation, paid to each of our senior executive officers was limited to tax deductibility of \$500,000. As a result of our repayment of TARP funds, we are no longer subject to these requirements and restrictions.

Table of Contents**Summary Compensation Table**

The following table sets forth information concerning the compensation earned in 2010 and 2009 by the two persons who served as our principal executive officer during 2010 and the next two most highly compensated executive officers. We use the term "named executive officers" in this proxy statement to refer to the officers listed in the table.

Name and Principal Position	Year	Salary	Bonus (2)	Stock Awards (3)	Option Awards (4)	Change in Pension Value and Non-Equity Nonqualified Incentive Plan Compensation		All Other Compensation (5)	Total
						Deferred Compensation Earnings			
Gregory A. Mitchell President and CEO of the Company(1)	2010	\$ 56,000	\$	\$ 108,937	\$ 1,373,250	\$	\$	\$ 150,960	\$ 1,689,147
Hans R. Ganz President and CEO of the Bank and Former President and CEO of the Company(1)	2010 2009	\$ 373,017 \$ 334,243	\$ 92,350 \$	\$ \$	\$ \$	\$ \$	\$ \$	\$ 1,225,585 \$ 24,965	\$ 1,690,952 \$ 359,208
James P. Sheehy EVP, Secretary and Treasurer	2010 2009	\$ 171,216 \$ 170,093	\$ 8,312 \$ 15,000	\$ \$	\$ \$	\$ \$	\$ \$	\$ 390,236 \$ 17,836	\$ 569,764 \$ 202,928
Melanie M. Yaptangco EVP Lending	2010 2009	\$ 170,026 \$ 167,067	\$ 8,312 \$ 20,000	\$ \$	\$ \$	\$ \$	\$ \$	\$ 424,935 \$ 18,437	\$ 603,272 \$ 205,504

- (1) Mr. Mitchell succeeded Mr. Ganz as President and Chief Executive Officer of the Company on November 1, 2010. From May 2010 until that time, Mr. Mitchell served as a consultant to the Company.
- (2) Represents each executive officer's bonus paid as provided for under the terms of the annual management incentive plan. See "Components of Executive Compensation" Employee Incentive Plan.
- (3) Reflects the fair value of the award to Mr. Mitchell on the grant date. The assumptions used in the calculation of this amount are included in Note 14 of the Notes to consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on February 25, 2011. The award to Mr. Mitchell consisted of the RRP Grant described under "Employment Agreements."
- (4) Reflects the aggregate fair value of the awards to Mr. Mitchell on the grant date. The assumptions used in the calculation of these amounts are included in Note 14 of the Notes to consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on February 25, 2011. The awards to Mr. Mitchell consisted of the Founder's Option described under "Business Relationships and Transactions with Executive Officers and Directors and Related Persons" Private Placement and the Inducement Grant Option described under "Employment Agreements."
- (5) For Mr. Mitchell, amount includes (a) fees totaling \$150,000 (\$25,000 per month) for service as a consultant to the Company from May 2010 until he became President and Chief Executive Officer of the Company; and (b) the amount of dividends earned on the unvested portion of previously awarded shares under the Company's 2003 Recognition and Retention Plan. For each of the other named executive officers, amounts shown include (a) the market value as of December 31, 2009 and 2010, respectively, of ESOP shares allocated to each named executive officer for 2010; (b) the amount of dividends earned on the unvested portion of previously awarded shares of common stock under the Company's 2003 Recognition and Retention Plan; and (c) the matching contributions made to the named executive officers' 401(k) accounts. For each of the other named executive officers, amount for 2010 also includes (a) the amount of the cash payment received in exchange for cancellation of unexercised stock options held prior to the Private Placement at a price of \$3.00 per option share (\$396,750 for Mr. Ganz, \$129,000 for Mr. Sheehy and \$141,000 for Ms. Yaptangco); and (b) the Retention Payment made pursuant to the modification of the officer's Change in Control Severance Agreement, as described under "Change in Control Severance Agreements" (\$784,040 for Mr. Ganz, \$222,304 for Mr. Sheehy and \$244,453 for Ms. Yaptangco).

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Mr. Mitchell has an employment agreement with the Company and each of the other named executive officers has a change in control severance agreement with the Bank. See Employment Agreements and Change in Control Severance Agreements.

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Components of Executive Compensation

Base Salary

We seek to establish salary compensation for our executive officers based on our company's operating performance relative to comparable peer companies. Except to the extent an executive officer's minimum base salary is established by contract (see Employment Agreements), in setting base salaries, the Compensation Committee typically reviews the President and CEO's recommendations with respect to the other executive officers and discusses the relative qualifications, experience and responsibilities of the officers. The Compensation Committee also considers the salary information for executive officers of financial institutions which are comparable in size to First PacTrust. It is our policy to pay our chief executive officer and other executive officers on a total compensation basis relative to the other members of our senior management team. We believe that this gives us the opportunity to attract and retain talented managerial employees both at the senior executive level and below.

Employee Incentive Plan

At the beginning of each fiscal year, our Compensation Committee adopts an employee incentive bonus plan for that year. The 2010 plan provides for a discretionary bonus pool of funds not to exceed 10% of the Company's consolidated after-tax net income for the year with a minimum discretionary bonus pool amount of \$150,000 in the aggregate. Bonuses are fully discretionary, and may or may not be paid in whole or in part based on the Compensation Committee's qualitative assessment of individual contributions toward the Company's success relative to its risk management, profitability, customer service, deposit growth, compliance, loan originations and portfolio growth, loan charge-off and delinquency ratios. Payout percentages vary from employee to employee. Bonuses awarded to the named executive officers for 2010 (paid in early 2011) are set forth in the Bonus column of the Summary Compensation Table.

401(k) Employee Stock Ownership Plan (KSOP)

We offer a qualified, tax exempt savings plan to our employees with a cash or deferred feature qualifying under Section 401(k) of the Code (the 401(k) Plan) as part of our KSOP. All employees who have attained age 18 are eligible to make 401(k) contributions. Eligible employees are also eligible to be allocated matching and profit sharing contributions, if any, after they have attained age 18 and completed 12 months of continuous employment, during which they worked at least 1,000 hours.

During 2010, participants were permitted to make salary reduction contributions to the 401(k) Plan of up to 100% of their annual salary, up to a maximum of \$15,000. In addition, participants who have attained age 50 may defer an additional \$5,000 annually as a 401(k) catch-up contribution. All employees who participate in the 401(k) Plan received 100% matching funds for the first 4% of salary contributed by the employee during 2009. All 401(k) deferrals made by participants are before-tax contributions. In the event of retirement at age 65 or older, permanent disability or death, however, a participant will automatically become 100% vested in the value of all matching and profit sharing contributions and earnings thereon, regardless of the number of years of service with Pacific Trust Bank.

Participants may invest amounts contributed by them, as well as employer matching and profit sharing contributions (to the extent they are fully vested), to their 401(k) Plan accounts in one or more investment options available under the 401(k) Plan. Changes in investment directions among the funds are permitted on a periodic basis pursuant to procedures established by the plan administrator. Each participant receives a quarterly statement which provides information regarding, among other things, the market value of his investments and contributions made to

the 401(k) Plan on his behalf. Participants are permitted to borrow against their account balance in the 401(k) Plan.

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Pacific Trust Bank also maintains an employee stock ownership plan for employees of First PacTrust and Pacific Trust Bank, as part of the KSOP. (The following description pertains only to the employee stock ownership portion of the KSOP.)

As part of our 2002 reorganization from the mutual to the stock form of ownership and initial public offering, the employee stock ownership plan borrowed funds from First PacTrust and used these funds to purchase shares of Voting Common Stock of First PacTrust. The loan equaled 100% of the aggregate purchase price of the common stock acquired by the employee stock ownership plan. The loan to the employee stock ownership plan is repaid primarily from First PacTrust's contributions to the employee stock ownership plan over a period of ten years, and from dividends on common stock held by the employee stock ownership plan. First PacTrust may, in any plan year, make additional discretionary contributions for the benefit of plan participants.

Shares purchased by the employee stock ownership plan with the proceeds of the loan are held in a suspense account and released to participants accounts as debt service payments are made. Shares released from the employee stock ownership plan are allocated to each eligible participant's employee stock ownership plan account based on the ratio of each such participant's eligible compensation to the total eligible compensation of all eligible employee stock ownership plan participants. An employee is eligible for an employee stock ownership allocation if he is credited with 1,000 or more hours of service during the plan year, and either is actually employed on the last day of the plan year or has attained age 65. The account balances of participants with the employee stock ownership plan vest on the five year anniversary of service with the Company. Credit for eligibility and vesting have been given for years of service with Pacific Trust Bank, prior to adoption of the employee stock ownership plan. However, effective for plan years commencing on or after January 1, 2007, each participant vests 100% after three years of service. No vesting will have occurred prior to obtaining three Years of Service as defined in the KSOP. In the case of a change in control, as defined in the KSOP, which triggers a termination of the employee stock ownership plan, participants immediately will become fully vested in their account balances. Benefits are payable upon retirement or other separation from service, or upon termination of the plan.

Equity Incentive Awards

2003 Recognition and Retention Plan and 2003 Stock Option and Incentive Plan. In April 2003, shareholders of First PacTrust approved the 2003 Stock Option and Incentive Plan and the 2003 Recognition and Retention Plan. These plans became effective on April 24, 2003. The Compensation Committee administers these two long-term incentive stock plans, determines employee eligibility and grants awards.

The 2003 Recognition and Retention Plan is a stock-based compensation plan designed to reward directors, advisory directors, officers and employees for service with a proprietary interest in the Company in a manner designed to encourage such individuals to remain with the Company. The Company reserved 211,600 shares for stock awards under this plan. Awards are discretionary and are based on an assessment of the participant's position, years of service, and contribution to the success and growth of the Company. Stock awards under the plan generally have vested in equal installments over five years from the date of grant. Prior to the vesting of the shares, the recipient has voting and dividend rights, but no transfer rights over the shares. At this time, no shares remain available for future awards under this plan.

The purpose of the 2003 Stock Option and Incentive Plan is to promote the long-term success of the Company and increase shareholder value by attracting and retaining key employees and directors and encouraging directors and key employees to focus on long-range objectives. The Company reserved 529,900 shares for option awards under this plan, plus additional shares repurchased with the proceeds of exercised options or surrendered to pay an option exercise price. Option awards are discretionary and are based on an assessment of the participant's position, years of service, and contribution to the success and growth of the Company. The plan provides for the award of incentive stock options to qualifying employees under the federal

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tax laws. Stock awards under the plan generally have vested in equal installments over five years from the date of grant and must be exercised within 10 to 15 years. The exercise price of options awarded always has been the fair market value of a share of the Company's common stock on the date of grant. At this time, 37,707 shares remain available for future awards under this plan.

Employment Inducement Awards. During the fourth quarter of 2010, following the closing of the Private Placement, we made grants of options to purchase an aggregate of 605,000 shares of Voting Common Stock and grants of an aggregate of 21,500 restricted shares of Voting Common Stock to six new officers as an inducement material to their entering into employment with the Company. The grants were approved by the Compensation Committee in reliance on NASDAQ Listing Rule 5635(c)(4), which exempts employment inducement grants from the general requirement of the NASDAQ Listing Rules that equity-based compensation plans and arrangements be approved by shareholders.

Proposed 2011 Omnibus Incentive Plan. As noted above, no shares remain available for future awards under the 2003 Recognition and Retention Plan and only 37,707 shares remain available for future awards under the 2003 Stock Option and Incentive Plan. In order to enable the Company to be able to continue to provide equity-based incentive awards, the Board has approved the 2011 Omnibus Incentive Plan, subject to approval by shareholders at the annual meeting. See Proposal II Approval of the First PacTrust Bancorp, Inc. 2011 Omnibus Incentive Plan.

Other

Our executives are entitled to few benefits that are not otherwise available to all of our employees. In this regard it should be noted that we do not provide pension arrangements, post-retirement health coverage, or similar benefits for our executives or employees other than as described in the severance agreements. Our health and insurance plans are the same for all employees. The Company currently offers employees their choice of two different health plans.

Table of Contents**Outstanding Equity Awards**

The following table provides information regarding stock options and restricted stock awards held by the named executive officers as of December 31, 2010.

Outstanding Equity Awards at December 31, 2010

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options (#)(1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (2)	Option Expiration Date(3)	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(4)	Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Gregory A. Mitchell		300,000 165,000		\$ 11.35 11.35	11/01/2020 11/01/2020	9,598	127,365		
Hans R. Ganz									
James P. Sheehy									
Melanie M. Yaptangco									

Hans R. Ganz

James P. Sheehy

Melanie M. Yaptangco

- (1) Options become exercisable in one-third equal annual installments beginning November 1, 2011.
- (2) The exercise price of the stock option awards is equal to the grant day's closing price of the Voting Common Stock on the NASDAQ Stock Market.
- (3) The expiration date of each option occurs 10 years after the date of grant of each option.
- (4) Reflects dollar value of unvested restricted shares as of December 31, 2010 based on that day's closing price of the Voting Common Stock on the NASDAQ Stock Market of \$13.27.

Certain Tax Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction for compensation in excess of \$1 million paid to our chief executive officer and next three most highly compensated executive officers. Qualifying performance-based compensation will not be subject to the deduction limitation if certain requirements are met. The Compensation Committee reviews and considers the potential consequences of Section 162(m) to the Company. The Company reserves the right to use our judgment to authorize compensation to any

employee that does not comply with the Section 162(m) exemptions for compensation we believe is appropriate.

Section 280G of the Internal Revenue Code provides that severance payments triggered by a change in control, which equal or exceed three times the individual's base amount are deemed to be excess parachute payments. Individuals receiving parachute payments in excess of three times their base amount are subject to a 20% excise tax on the amount of the excess payments. If excess parachute payments are made, the Company and the Bank would not be entitled to deduct the amount of the excess payments. Each employment agreement provides that severance and other payments that are subject to a change in control will be reduced as much as necessary to ensure that no amounts payable to the executive will be considered excess parachute payments.

Table of Contents**Post-Employment Compensation**

Pension Benefits. We do not provide pension arrangements or post-retirement health coverage for our executives or employees. Our executive officers, along with all other eligible employees, may participate in our 401(k) contributory defined contribution plan. In any plan year, we will contribute to each participant a matching contribution equal to 100% of the first 4% of the participant's compensation that has been contributed to the plan. All of our named executive officers except for Mr. Mitchell, participated in our 401(k) plan during fiscal 2010 and received matching contributions.

Nonqualified Deferred Compensation. We do not currently provide any nonqualified defined contribution or other deferred compensation plans. However, prior to the Company's initial public offering, Pacific Trust Bank provided a deferred compensation plan to its executive officers. While no additional contributions to this plan are made or contemplated, each of the named executive officers other than Mr. Mitchell has a balance payable under the plan, and such balances earn interest at the major bank prime rate, until distribution upon termination or retirement of the executive officer.

PREDECESSOR DEFERRED COMPENSATION PLAN AT DECEMBER 31, 2010

<u>Name</u>	<u>Interest Earned During 2010</u>	<u>Balance at 12/31/2010</u>
Hans R. Ganz	\$ 1,902	\$ 59,553
James P. Sheehy	\$ 761	\$ 23,820
Melanie M. Yaptangco	\$ 761	\$ 23,820

Employment Agreements

In the fourth quarter of 2010, we entered into employment agreements with six new officers, including Mr. Mitchell. Set forth below is a description of Mr. Mitchell's employment agreement.

On November 1, 2010, the Company entered into an employment agreement with Mr. Mitchell for a three-year term which, on November 1, 2013 and on each anniversary of that date, will be extended for an additional year unless either party notifies the other at least 90 days prior to that date or the anniversary date that the term of the agreement will not be extended. The agreement provides for a minimum base annual salary of \$416,000 and a one-time signing bonus in the form of 9,598 shares of restricted Voting Common Stock granted on November 1, 2010 pursuant to the Company's 2003 Recognition and Retention Plan that are scheduled to vest in 20% annual increments beginning November 1, 2011 (the "RRP Grant"). In addition, as an inducement material to his entering into employment with the Company, the agreement provided for a grant on November 1, 2010 of a ten-year non-qualified stock option to purchase 300,000 shares of Voting Common Stock at an exercise price of \$11.35 per share, which is scheduled to vest in one-third annual increments beginning November 1, 2011 (the "Inducement Grant Option").

The employment agreement provides that Mr. Mitchell is entitled to additional or special compensation, such as additional equity awards, incentive pay or bonuses, as the Company's Board of Directors or the Compensation Committee of the Company's Board of Directors may from time to time determine. The agreement also entitles Mr. Mitchell to the use of an automobile or a monthly automobile allowance, expense

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reimbursement and participation in such benefit programs as may be approved from time to time for the Company for the benefit of its executive employees. In the event that Mr. Mitchell's employment is involuntarily terminated without Cause (as defined in the employment agreement) or voluntarily terminated for Good Reason (as defined in the employment agreement), he will be entitled to (i) severance pay equal to 24 months salary at the rate in effect on the termination date, payable in equal monthly installments; (ii) accelerated vesting of any then-unvested portion of the Inducement Grant Option; and (iii) serve as an advisory director of the Company until any then-unvested portion of the RRP Grant has vested in full. The vesting of Mr. Mitchell's

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Founder's Option also will accelerate if his employment is terminated under these circumstances. See Business Relationships and Transactions with Executive Officers and Directors and Related Persons Private Placement. In the event that the Company elects not to renew the employment agreement at the end of its initial term or any extension of that term, Mr. Mitchell will be entitled, upon termination of his employment with the Company, to severance pay equal to 12 months' salary at the rate in effect on the termination date, payable in equal monthly installments. Payment of the severance pay described above is contingent upon Mr. Mitchell's compliance with non-solicitation and non-disclosure requirements set forth in the employment agreement. Vesting of any then unvested portion of the RRP Grant will accelerate if Mr. Mitchell's service with the Company terminates due to death or disability or terminates other than for cause within one year after a change in control of the Company or within one year after the commencement of a tender offer or exchange offer for the Company's shares (other than such an offer by the Company).

Change in Control Severance Agreements

In 2002, the Bank entered into change in control severance agreements (the Severance Agreements) with each of Mr. Ganz, Mr. Sheehy, Ms. Yaptangco and three other officers of the Bank. Each Severance Agreement provides that if a change in control event occurs during the term of the Severance Agreement and the officer's employment is terminated without cause, he or she is entitled to: (1) a lump sum amount equal to a specified percentage (299% in the case of Mr. Ganz and 200% in the case of Mr. Sheehy and Ms. Yaptangco) of his or her base amount, as defined in Section 280G of the Internal Revenue Code (generally the average of the officer's Box 1, W-2 compensation from the Company during the last five completed calendar years); and (2) continuation of substantially the same health insurance benefits for the remaining term of the Severance Agreement.

On December 16, 2010, as required pursuant to the terms of the subscription agreements between the Company and investors in the Private Placement, each Severance Agreement was modified by an Agreement to Modify Severance Benefits (each, a Modification Agreement) by providing for the payment (a Retention Payment) to the officer of a lump sum amount in cash equal to one-half of the lump sum amount that would have been due to the officer pursuant to his or her Severance Agreement if the Private Placement had constituted a change in control event and the employment of the officer had ceased (i.e., one-half of the applicable percentage specified above multiplied by his or her current base amount). The amounts of the Retention Payments made to Mr. Ganz, Mr. Sheehy and Ms. Yaptangco are included in 2010 compensation in the All Other Compensation Column of the Summary Compensation Table. Each Modification Agreement further provides that if the officer's employment with the Bank is terminated without cause on or before the third anniversary of the completion of the Private Placement (i.e., on or before November 1, 2013), he or she will be entitled to payment (a Termination Payment) of the balance of the lump sum amount that might otherwise be payable under the Severance Agreement (i.e., one-half of the percentage specified above multiplied by his or her base amount as of the closing of the Private Placement), plus continuation of health insurance benefits during the remaining term of the Severance Agreement. The benefits under the Modification Agreements are, to the extent provided to the officer, intended to be in lieu of, and not in addition to, the benefits to which the officer might otherwise become entitled under his or her Severance Agreement if a change in control event occurs and his or her employment is terminated without cause.

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REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee of the Board of Directors shall not be deemed to be soliciting material or to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent First PacTrust Bancorp specifically incorporates this Report therein, and shall not otherwise be deemed filed under such Acts.

The Audit Committee of First PacTrust Bancorp, Inc. is comprised of the undersigned directors, each of whom is independent as independence is defined for audit committee members under the NASDAQ Listing Rules. The Audit Committee's responsibilities are described in a written charter adopted by the Board of Directors.

Management is responsible for the Company's internal controls, financial reporting process and compliance with applicable laws and regulations. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. As the members of the Audit Committee, it is our responsibility to monitor and oversee these processes.

As required by our charter, we received and reviewed the report of Crowe Horwath LLP regarding the results of their audit, as well as the written disclosures and the letter from Crowe Horwath LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees). We also reviewed and discussed the audited financial statements with Company management. A representative of Crowe Horwath LLP also discussed with the Audit Committee the independence of Crowe Horwath LLP from the Company, as well as the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees).

In fulfilling our oversight responsibility of reviewing the services performed by the Company's independent registered public accounting firm, we carefully reviewed the policies and procedures for the engagement of the independent registered public accounting firm. We also discussed with the Company's internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. We met with the internal auditors and independent registered public accounting firm, both with and without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. We pre-approve all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Prior to engaging our independent registered public accounting firm to render an audit or permissible non-audit service, we specifically approve the engagement of our registered public accounting firm to render that service. Accordingly, the Company does not engage our independent registered public accounting firm to render audit or permissible non-audit services pursuant to pre-approval policies or procedures or otherwise, unless the engagement to provide such services has been approved by the Audit Committee in advance. As such, the engagement of Crowe Horwath LLP to render 100 percent of the services described in the categories above was approved by the Audit Committee in advance of the rendering of those services. We also reviewed and discussed with the independent registered public accounting firm the fees paid to the independent registered public accounting firm; these fees are described under "Independent Registered Public Accounting Firm" below.

The Company's Chief Executive Officer and Principal Financial Officer also reviewed with the Audit Committee the certifications that each officer files with the SEC pursuant to the requirements of Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Management also reviewed with the Audit Committee the policies and procedures it has adopted to ensure the accuracy of such certifications.

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Based on the review and discussions referred to above, we recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

The foregoing report is furnished by the Audit Committee:

Alvin L. Majors (Chairperson)

Kenneth W. Scholz

Donald A. Whitacre

Independent Registered Public Accounting Firm

The Audit Committee of First PacTrust Bancorp's Board of Directors is negotiating First PacTrust Bancorp's arrangement for Crowe Horwath LLP to be the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011. The Audit Committee of the Board believes the services provided as described in sections (a) and (b) below for the 2010 fiscal year are compatible with maintaining Crowe Horwath LLP's independence.

During fiscal 2009 and 2010, Crowe Horwath LLP provided various audit, audit-related and non-audit services to the Company as follows: (a) the audit of the Company's fiscal 2009 and fiscal 2010 annual financial statements and review of financial statements in the Company's Quarterly Reports on Form 10-Q and (b) tax and loan review services. The aggregate fees billed to the Company and its affiliates by Crowe Horwath LLP for the fiscal years ended December 31, 2009 and 2010 were as follows:

	Year Ended December 31,	
	2009	2010
Audit Fees	\$ 250,000	\$ 245,960
Audit Related Fees(1)	\$	\$
Tax Fees(2)	\$ 21,215	\$ 23,605
All Other Fees(3)	\$ 44,883	\$ 24,000

- (1) Primarily for review and assurance and related services in connection with SEC filings.
- (2) Primarily for tax compliance, tax advice and tax return preparation services.
- (3) For audit travel expense reimbursement.

Pre-Approval of Audit and Non-Audit Services

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Pursuant to the terms of its charter, the Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm. The Audit Committee must pre-approve the engagement letters and the fees to be paid to the independent registered public accounting firm for all audit and permissible non-audit services to be provided by the independent registered public accounting firm and consider the possible effect that any non-audit services could have on the independence of the auditors. The Audit Committee may establish pre-approval policies and procedures, as permitted by applicable law and SEC regulations and consistent with its charter for the engagement of the independent registered public accounting firm to render permissible non-audit services to the Corporation, provided that any pre-approvals delegated to one or more members of the committee are reported to the committee at its next scheduled meeting. At this time, the Audit Committee has not adopted any pre-approval policies.

The Audit Committee has authorized the independent registered public accounting firm to provide to the Company tax services and certain services in connection with the administration of our benefit plans. In authorizing those services, the Committee determined that providing those services were compatible with maintaining the independence of the independent registered public accounting firm.

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PROPOSAL II APPROVAL OF THE FIRST PACTRUST BANCORP, INC. 2011 OMNIBUS INCENTIVE PLAN

Our Board of Directors has approved the First PacTrust Bancorp, Inc. 2011 Omnibus Incentive Plan (the Omnibus Incentive Plan), subject to approval of the Omnibus Incentive Plan by shareholders at the annual meeting.

As noted below, the Omnibus Incentive Plan would authorize up to 950,000 shares of Common Stock to be utilized for equity-based awards to employees and directors of the Company and its subsidiaries, of which no more than 300,000 could be used for awards other than stock options and stock appreciation rights. The 950,000 shares represent approximately 9.8% of the shares of Common Stock (including both the Voting and Non-Voting Common Stock) outstanding as of April 18, 2011. As of that date, there were outstanding options to purchase an aggregate of 770,000 shares of the Common Stock and warrants to purchase an aggregate of 1,635,000 shares of Common Stock. Including those shares, on a fully diluted basis, the 950,000 shares to be authorized represent approximately 7.8% of the outstanding shares.

As of April 18, 2011, only 37,707 shares of Common Stock remained available for future awards under the Company s 2003 Stock Option and Incentive Plan and no shares remained available for future awards under the Company s 2003 Recognition and Retention Plan. Our Board of Directors believes that equity-based awards are a critical means for attracting and retaining management and other personnel of the highest quality and aligning the long-term interests of these individuals with the interests of our shareholders. If the Omnibus Incentive Plan is not approved, we will have an insufficient number of shares available for future equity-based awards, which our Board of Directors believes would place the Company at a significant competitive disadvantage and would seriously impair the Company in its ability to grow, both through acquisitions and organically.

The principal features of the Omnibus Incentive Plan are described below. The discussion is only a summary and is qualified in its entirety by reference to the full text of the Omnibus Incentive Plan, a copy of which is attached to this proxy statement as Appendix A.

General

The Omnibus Incentive Plan provides for the grant to employees and directors of the Company and its subsidiaries (collectively participants) of the following types of awards:

options to purchase shares of Common Stock, which may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code (incentive stock options) or non-statutory options which do not satisfy the provisions of Section 422 of the Internal Revenue Code (non-qualified stock options) (incentive stock options and non-qualified stock options are together referred to as stock options or options);

stock appreciation rights;

restricted stock and restricted stock units;

performance shares and performance units;

other stock-based awards; and

cash awards.

Subject to adjustments described below under Changes in Capitalization, the number of shares of Common Stock available for awards under the Omnibus Incentive Plan is 950,000, of which no more than 300,000 may be utilized for awards other than stock options and stock appreciation rights. An award that is settled in cash will not be counted against the number of shares available for future awards. Any shares subject to an award which expires or is forfeited or terminated unexercised again becomes available for issuance under the

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Omnibus Incentive Plan. Shares used to pay the exercise price of a stock option and shares used to satisfy tax withholding obligations are not available for future awards. The shares with respect to which awards may be granted may be either authorized and unissued shares or issued shares reacquired and held by the Company as treasury shares.

Under the Omnibus Incentive Plan, during any calendar year, no participant may be granted: (1) stock options or stock appreciation rights covering an aggregate of more than 100,000 shares; (2) restricted stock or restricted stock units covering an aggregate of more than 30,000 shares; (3) performance shares covering an aggregate of more than 30,000 shares of our Common Stock or performance units equal to the value of more than 30,000 shares of our Common Stock, determined as of the date of grant; (4) other stock-based-awards covering an aggregate of more than 30,000 shares of our Common Stock; or (5) cash awards in excess of one million dollars (\$1,000,000).

Administration of the Omnibus Incentive Plan

The Omnibus Incentive Plan is administered by a committee (referred to below as the Committee) of two or more members of the Company's Board of Directors, each of whom qualifies as (i) an outside director, as defined in Section 162(m) of the Internal Revenue Code, and (ii) a Non-Employee Director, as defined in Rule 16b-3 under the Securities Exchange Act of 1934. Committee members serve at the discretion of the Board of Directors and may be removed by the Board at any time. It is expected that the Compensation Committee of the Company's Board of Directors will be designated by the Board as the Committee if the Omnibus Incentive Plan is approved by shareholders, and that this committee will be comprised of Directors Chrisman (Chairman), Majors and Seabold following the 2011 annual meeting of shareholders.

The Committee generally has full power to:

determine the size and types of awards;

determine the terms and conditions of awards in a manner consistent with the Omnibus Incentive Plan;

interpret the Omnibus Incentive Plan and any agreement or instrument entered into under the Omnibus Incentive Plan;

establish, amend or waive rules and regulations for the administration of the Omnibus Incentive Plan;

amend or otherwise modify the Omnibus Incentive Plan or the terms and conditions of any outstanding award under the Omnibus Incentive Plan;

make all other determinations which are necessary or advisable for the administration of the Omnibus Incentive Plan; and

delegate its authority under the Omnibus Incentive Plan to the extent permitted by law, rule or regulation.

Duration and Modification; No Repricing Without Shareholder Approval

